

# Burr Business Service

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## News and Information – December, 2017

Once again the administration has been actively changing tax and business rules in 2017. With new overtime rules, new 1099 filing requirements, penalties, also an enormous amount of new Department of Labor auditors taking to the streets. In this annual letter we want to alert you to some new compliance requirements as well as remind you what we need to prepare this year's return.

***If you hired any new employees in 2017 or from here forward make sure to include current information regarding the existence of health insurance exchanges in their new employee packet.***

**New Form 1099-Misc Penalties:** Congress is really serious about issuing Form 1099-Misc. In prior years the penalty for not issuing a Form 1099-Misc was \$50.00 per event. For 2016 in many cases the penalty could be as much as \$100.00 per each omitted or incorrect Form 1099-Misc. A Form 1099-Misc is required whenever you pay a non-corporate entity \$600.00 or more in one year of business transactions. The Form 1099-Misc must be provided to the taxpayer by ***January 31, 2018*** and ***this year the IRS' copy must also be provided by January 31, 2018*** or those penalties will apply. The problem you may encounter is those sub-contractors that do not want you to issue them one, so make sure you get them to fill out a W-9 form before you issue them a payment. Also make sure you issue the Form 1099-Misc to every possible supplier, vendor or service provider, including us!

**Late Filing Penalties:** Late filing of Corporation/Partnership Tax Returns can result in steep penalties! This year the penalties are \$195.00 per K-1, per month. Corporation Tax Returns are due March 15<sup>th</sup> or you must file an extension. Partnership Tax Returns are due April 15<sup>th</sup> each year. **The IRS actively penalizes all late filers!**

**Mileage Rates:** 53.5 cents is the mileage rate for businesses in 2017. 2018 has not been disclosed, but continue to look on our website ([www.burrbusiness.com](http://www.burrbusiness.com)) or our **Facebook page**; we will post it when it becomes available.

**Overtime Policy:** Please remember to give all employees the new Overtime Policy. We have enclosed a sample for you; you may use it, modify it or make one of your own.

**Your Annual Meeting:** All Corporations are ***required*** to have an annual corporate meeting with all Shareholders, Directors and Officers present. This can be as simple as a dinner meeting at the Corporation's expense. The Corporation is required to maintain a complete set of records in the Corporation book, which is kept by the appointed Corporation officer. These records must include official signed stock certificates, a complete copy of the Corporation origination papers, copies of the Corporate minutes from each year-end meeting, as well as information on Officer wages and Officer loan payments that may be suspended or reduced in any year that the Corporation realizes a loss. **(Form 1) enclosed**

**Nebraska Consumer's Use Tax:** Consumer's Use Tax is due on all items purchased for which no Nebraska sales tax was paid. This includes items purchased by mail, telephone, internet, as well as taxable services. Items purchased for resale that are used personally are also subject to this tax. Each corporation must keep records and file a timely Consumer's Use Tax form by January 20<sup>th</sup> for the prior year. If you would like Burr Business Service to prepare your Consumer's Use Tax form, please let us know.

**W-2's:** We will no longer reprint W-2's for employees without **written consent** from the employer.

**I-9's:** Beginning January 22, 2017 there is a required new I-9 form for your employees to fill out. (available November 22, 2016). You will need to keep a copy of this after it is filled out, we are no longer keeping a copy here at the office, as per our letter sent out to you on September 27, 2017. A reminder to use current forms and fill out the information correctly, if you should be audited there is a hefty fine for form that are not correct.

**\*\*TAX RETURN INFORMATION REQUIRED:** To help us prepare for the upcoming tax season, we will need the following information from you ***no later than January 31, 2018.*** March 15<sup>th</sup> is the deadline date for corporations/partnerships. **All** information must be in the office by February 20, 2017 to guarantee completion by file date; otherwise an extension must be filed.

1. \_\_\_\_\_ Copies of any new bank loans obtained during the year.
2. \_\_\_\_\_ Copies of any new leases signed during the year.
3. \_\_\_\_\_ List by date, amount and individual of any new investments made into the company this year.
4. \_\_\_\_\_ Copies of any federal or state tax correspondence received during the year.
5. \_\_\_\_\_ Copies of any equipment purchase invoices over \$2,500.00.
6. \_\_\_\_\_ Loan payoffs, by loan number, of all business loans as of December 31, 2017.
7. \_\_\_\_\_ Copies of your year-end bank reconciliation(s) and bank statements.
8. \_\_\_\_\_ 12/31/17 Year End Balances of:
  - Accounts Receivable \$ \_\_\_\_\_. **(If applies) (Form 2) enclosed**
  - Cost of Inventory \$ \_\_\_\_\_. Please make sure to physically count your inventory, retain the records and provide for us an accurate total cost. Do not include consignments you are holding from other people in this number. In the event of an audit you must be able to provide copies of physical count sheets, so again we are placing an emphasis upon obtaining correct year end physical inventory amounts. ***This is required by law (Form 2) enclosed***
9. \_\_\_\_\_ Enclosed Letter of Engagement, signed & returned **(Form 4) enclosed**  
Your Corporation or Partnership tax return cannot be completed without it!
10. \_\_\_\_\_ Year-end summary of business activity back up, online access, hard copy, or accountants copy.  
If you use QuickBooks, it is required that you restore the QuickBooks file after we complete your 2017 work so that your records match the tax returns filed with the IRS. Our office can restore and close out 2017 information if you wish for a fee starting at \$250.00.
11. \_\_\_\_\_ Sales breakdown by state and city if applicable.
12. \_\_\_\_\_ Information on any changes in ownership, stock holdings, locations or numbers.
13. \_\_\_\_\_ All Forms 1099-K you have received.
14. \_\_\_\_\_ Minutes from the annual shareholders meeting. **(Form 1) enclosed**
15. \_\_\_\_\_ Capitalization Policy **(Form 3) enclosed**

A number of tax savings programs are available in relation to health care costs, retirement plans and fringe benefits. Please feel free to set a separate appointment with us to discuss how these things might benefit your company.

Do not forget to visit our website ([www.burrbusiness.com](http://www.burrbusiness.com)) or **Facebook** page for any current information. We welcome your business referrals to our office for professional tax preparation, bookkeeping and payroll services. We appreciate your continued business and look forward to serving you for another year!

*Merry Christmas & Best Wishes for a Happy New Year from all of us at Burr Business Service*

**Barbara, Charlene, Andrea, Connie, Lisa, Lauri**